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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

Economic assistance to the Eastern European States affected by the developments in the Balkans*

Report of the Secretary-General

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* The footnote requested by the General Assembly in its resolution 54/248 was not included in the submission.

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I. Introduction

1. In its resolution 54/96 G of 15 December 1999, the General Assembly expressed concern at the special economic problems confronting the Eastern European States affected by the developments in the Balkans, in particular their impact on regional trade and economic relations and on navigation along the Danube and on the Adriatic Sea. The Assembly welcomed the support already provided by the international community, in particular by the European Union (EU) and other donors, to the affected States to assist them in coping with their special economic problems during the transition period following the lifting of the sanctions pursuant to Security Council resolution 1074 (1996) of 1 October 1996, as well as in the process of economic adjustment following the developments in the Balkans.

2. In the same resolution, the General Assembly stressed the importance of the effective implementation of the Stability Pact for South-Eastern Europe and of its follow-up activities aimed, inter alia, at economic reconstruction, development and cooperation, including economic cooperation in the region and between the region and the rest of Europe. The Assembly invited all States and the relevant international organizations, both within and outside the United Nations system, in particular the international financial institutions, to continue to take into account the special needs and situations of the affected States in providing support and assistance to their efforts for economic recovery, structural adjustment and development. The Assembly encouraged the affected States of the region to continue the process of multilateral regional cooperation in such fields as transport and infrastructure development, as well as to foster conditions favourable to trade and investment in all the countries of the region. The Assembly invited the relevant international organizations to take appropriate steps in order to broaden access for interested local and regional vendors and to facilitate their participation in the efforts for reconstruction, recovery and development of the region.

3. Also in resolution 54/96 G, the General Assembly requested the Secretary-General to report to the Assembly at its fifty-fifth session on the implementation of the resolution. The present report was prepared in response to that request.

II. Information regarding economic assistance to the affected States

4. Pursuant to General Assembly resol 54/96 G, the Secretary-General, in a note verbale 19 June 2000, invited all Governments to commun information on action taken by them to alleviat special economic problems of the affected States addition, the relevant international organizations, within and outside the United Nations sy including the international financial institutions an regional bodies concerned, were invited to pr updated information on their assistance activitie behalf of the affected countries.[2] Substantive fea of the replies received are summarized below.

A. Communications received from Stat

5. At 25 October 2000, nine States, namely, Japan, Norway, Poland, the Russian Federation, Arabia, Switzerland, Ukraine and Yugoslavia, replied to the note verbale of the Secretary-Gener follows.

6. **Italy** has supported the process of econ transition and democratization in the Balkans sinc early 1990s, both through bilateral and reg programmes, estimated to date at a total of more $1 billion. In the case of Albania, Italy ranked a top bilateral donor, allocating some $390 millio 1991-2000 for projects in such areas as infrastru improvement, agricultural development, privatiz crime control, statistics and education. With reconstruction and recovery programme for Bosni Herzegovina (1996-2001), Italy pledged some million to support multilateral projects for rehabilitation of social and health-care struct institution- and capacity-building and consolidati inter-ethnic relations. In Croatia, Italy allocate 1996-2000 some $10 million to cooper programmes, including a decentralized multise programme implemented jointly with the Venezia-Giulia region in the former Eastern Sla In the former Yugoslav Republic of Macedonia, provided, in 1996-2000, some $23 million to f credit line for balance-of-payment support, a proj restructuring the health care system and a proje microinitiatives.

7. In addition to some $6.8 million provided to Yugoslavia in 1996-1998, Italy is now considering the allocation of some $110 million to start up a major economic programme aimed at consolidating democracy in the country through short- and long-term projects. In the interim period 1999-2000, the Government of Italy pledged some $14 million for emergency relief and assistance to Kosovo, which was supplemented by some $270 million mobilized by various Italian authorities and civil society to assist Kosovar refugees. Humanitarian assistance to Serbia (food and medicine supplies) amounted to some $10 million, including contributions within the city-to-city initiative. Emergency food assistance worth some $3 million was provided to Montenegro.

8. Italy has strongly supported the implementation of the Stability Pact for South-Eastern Europe, with the highest bilateral contribution of some 160 million euros. The Italian Parliament is now debating a draft law whereby an additional $200 million would be allocated for the reconstruction of the Balkans. In May 2000, the Italian city of Ancona hosted the Conference on Security and Development in the Adriatic and Ionian, which launched the Adriatic and Ionian Initiative (see S/2000/541), a new subregional integration process covering the areas of economic cooperation, tourism, maritime transportation, environment protection, inter-university exchanges and crime control.

9. **Japan** reported that its assistance to South-Eastern Europe had totalled 4.7 billion yen in fiscal year 1999 (April 1999-March 2000), including grants to the following countries: Albania (1,306 million yen), Bosnia and Herzegovina (938 million yen), Bulgaria (557 million yen), Croatia (69 million yen), Romania (556 million yen) and the former Yugoslav Republic of Macedonia (1,305 million yen). During the period from 1991 to 1999, Japan's official development assistance to the countries of the region exceeded 102 billion yen, comprising the following total amounts under three aid categories: loans (56.7 billion yen), grants (32.9 billion yen) and technical cooperation (12.6 billion yen). The reported breakdown by recipient country and by major projects supported by Japan's official development assistance disbursements included: Albania (9.6 million yen) for agricultural sector adjustment, hydropower station rehabilitation, electric power transmission, emergency relief and grass-roots projects; Bosnia and Herzegovina (25.6 million yen) for electric power improvement, increased food production, public transportation system rehabilitation, medical equipment supply and grass-roots projects; Bulgaria (30.5 million yen) for industrial pollution improvement, port expansion, energy efficiency centre, grass-roots projects, management and training; Croatia (1 million yen) for debt rescheduling, grass-roots projects and training; Romania (27.7 million yen) for port rehabilitation, road improvement, medical equipment supply, grass-roots projects, development studies and training; and the former Yugoslav Republic of Macedonia (7.8 million yen) for debt rescheduling, medical equipment supply, increased food production, grass-roots projects, development studies and training.

10. **Norway** stated that its total contributions to assistance projects in South-Eastern Europe for 2000 had amounted to 834 million kroner. Those projects covered such areas as promotion of democracy, humanitarian relief, infrastructure improvement and support to economic development. In the area of infrastructure, Norwegian support amounted to 100 million kroner and included regional projects for restructuring the water and electricity systems in the region. The funds have been channelled mainly through the Norwegian Agency for Development Cooperation and the World Bank. Norwegian support to economic development in the region amounted to 90 million kroner, a substantial part of which was channelled through regional projects administered by regional economic organizations. Examples include: (a) the trade facilitation programme administered by the European Bank for Reconstruction and Development (EBRD), which provides funding for financial investments and technical cooperation in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania and the former Yugoslav Republic of Macedonia; and (b) the programme on South-Eastern Europe administered by the Organisation for Economic Cooperation and Development (OECD), which covers Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Slovenia and the former Yugoslav Republic of Macedonia.

11. **Poland** recalled that, during the July 1999 summit meeting of members and observers of the Stability Pact for South-Eastern Europe, the President of Poland expressed Poland's willingness to implement the goals of the Stability Pact and participate as a full member of the Pact. On 18 January 2000, the Polish Government adopted guidelines for the Polish

participation in the Stability Pact. Accordingly, Poland has actively participated in humanitarian actions in the Balkans, mostly in Kosovo. At the same time, special attention has been focused on rehabilitation and recovery efforts in the region, especially in Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia. Within the total amount of $36 million provided by Poland for development and humanitarian assistance in 1999, Poland granted $440,772 to Albania, $2.2 million to Bosnia and Herzegovina, $51,993 to Croatia, $103,024 to Slovenia and $1.8 million to the former Yugoslav Republic of Macedonia. In addition, Poland has been active in strengthening the security in the region through participation in the multinational military forces — the Stabilization Force (SFOR) and the Kosovo Force (KFOR). The Polish contingent of 1,300 soldiers is one of the biggest; Poland also covers the cost of the Lithuanian platoon. In 1999, the State budget allocated $20 million for military participation in the Balkan region. Moreover, Polish non-governmental organizations have been actively engaged in humanitarian actions and human and institutional capacity-building in South-Eastern Europe. In 2000, the Polish Government launched a special scheme of cooperation and co-financing with non-governmental organizations to implement development projects in the Balkans.

12. The **Russian Federation** contributed to the economic reconstruction of the Balkans, mainly through the implementation of bilateral projects and technical assistance projects with Yugoslavia. Since October 1999, deliveries of Russian natural gas and other power supplies have been resumed; these being the only source for ensuring the work of the industrial enterprises and communal economy of Yugoslavia. In 2000, in accordance with a protocol signed by Gazprom Ltd. and the Government of the Republic of Serbia, the Russian Federation began deliveries of 1,550 million cubic metres of natural gas. It is envisaged that 500 million cubic metres of gas will be supplied in terms of humanitarian assistance, including 300 million cubic metres to clear the Yugoslav debt for transit across Hungary. With the assistance of the Russian Federation, the infrastructure of the trans-Balkan gas pipeline and other electric power facilities is being modernized.

13. The two parties have embarked on the implementation of an intergovernmental agreement on the provision to Yugoslavia of an official loan for $150 million to finance deliveries of Russian equipment, goods and services. The shipment of machinery and technical equipment from the Russian Federation has begun under the following contracts: (a) reconstruction of the Kosovo, Nikola Tesla and Kostolats thermal electric power stations (for an amount of over $55 million); (b) supply of railway track-laying equipment ($5 million); (c) supply of a mining excavator ($8 million); and (d) reconstruction of the Plevlya thermal electric power station (over $30 million). In November 1999, in order to participate in reconstruction work in Yugoslavia, a consortium was established, within which the Russian and Yugoslav parties agreed on specific priority projects for an amount of about $35 million.

14. From April to August 1999, subdivisions of the Ministry for Emergency Situations of the Russian Federation delivered to Yugoslavia humanitarian consignments worth $1.4 million, the total value of the operation being $2.4 million. The Russian Federation has also sent out assessment missions and deployed operations for environmental clean-up, humanitarian demining and the reconstruction of schools and hospitals. The Ministry of Transport of the Russian Federation has made an assessment of the condition of the navigation channel of the Yugoslav section of the Danube, including the assessment of work to rebuild bridges and other river infrastructure (also in conjunction with a group of experts of the Danube Commission on the navigation channel in Yugoslavia). Within the tripartite commission, experts from the Russian Federation, Yugoslavia and the United Nations Centre for Human Settlements (Habitat) have made an assessment of the physical scale of the damage in Yugoslav population centres and the cost of reconstruction.

15. **Saudi Arabia** provided the following information on its assistance to the affected countries in the Balkan region. In the case of Bosnia and Herzegovina, assistance from the Government of Saudi Arabia totalled $151.7 million, including $96.7 million provided in the form of official grants and $55 million as low-interest loans from the Saudi Development Fund. Official assistance to refugees in Albania and the former Yugoslav Republic of Macedonia exceeded $44.5 million, including some $30 million channelled through the Saudi Development Fund to finance reconstruction projects. In addition, contributions by non-governmental organizations of Saudi Arabia

amounted to $402 million for Bosnia and Herzegovina and $76.6 million for refugees in Albania and the former Yugoslav Republic of Macedonia. Moreover, grant aid worth over $1 million was provided to Albania; and a royal decree was issued on 3 March 2000 to send a delegation from the Saudi Development Fund to Albania to identify specific projects for further study and potential financing by the Fund.

16. **Switzerland** has actively participated in the Stability Pact for South-Eastern Europe and numerous initiatives, not only in the field of economic development, but also in the areas of democratization and human rights, as well as security of the region. In this context, Switzerland has reviewed its economic policy towards South-Eastern Europe and has intensified its economic assistance to the region. The Swiss strategy of economic assistance to the Balkans includes the following main elements:

(a) Improvement of trade relations and the promotion of trade. The objective is to facilitate access to markets and establish, in the medium term, stable contractual trade relations. These measures will be accompanied by assistance in the field of trade promotion. To this end, Switzerland actively contributes to the work of the Working Group on Trade Facilitation and Liberalization within Working Table II of the Stability Pact, which aims, first of all, at simplifying and harmonizing free trade agreements among the participating countries and removing non-tariff barriers;

(b) Private-sector development and the promotion of foreign direct investment. Priority is given to the establishment of a stable and liberal framework for the development of the private sector and the attraction of foreign direct investment. Direct support is provided to individual private-sector activities through assistance to small and medium-size enterprises and participation in regional venture capital funds. Switzerland is engaged in the investment compact project team, has contributed to the Balkans Enterprise Facility and will take part in the Trans-Balkan Small and Medium-Size Enterprise Equity Fund;

(c) Financial assistance to infrastructure projects. The objective is to intensify financing for infrastructure development and increase, where possible, the speed of implementation, in order to facilitate regional exchanges. Priority is given to projects in the domain of energy, water/sewage treatment, and telecommunication. Within the so-called "quick start package" of the Stability Pact, Switzerland is contributing to the municipal action programme in the former Yugoslav Republic of Macedonia and the third electric power project in Bosnia and Herzegovina;

(d) Macroeconomic support for the implementation of urgent economic reforms. The Swiss involvement in balance-of-payment support and budgetary assistance to the countries of the region is linked to the implementation of structural adjustment and economic reform programme supported by the International Monetary Fund (IMF) and the World Bank within a longer-term economic policy dialogue with and assistance to these countries.

17. Switzerland is also heavily involved in the efforts for economic reconstruction and rehabilitation of the infrastructure in Kosovo. Overall, Swiss economic assistance provided to South-Eastern Europe in 1999 amounted to about 43 million Swiss francs. This includes emergency assistance provided, mostly in the form of balance-of-payment support, to compensate for the impacts of the Kosovo crisis, and constitutes a substantial increase compared with the previous years. Swiss economic assistance to the region will presumably remain at that level or will be even higher in 2000 and the coming years. The Swiss contribution to the international efforts within the Stability Pact for South-Eastern Europe will be linked to the readiness of the countries of the region to engage in effective political, social and economic reforms, as well as the process of regional cooperation.

18. **Ukraine** states that it has incurred and is continuing to incur considerable economic losses as a result of the adverse effects associated with the developments in the Balkans, and above all with the extremely severe repercussion of the Kosovo conflict on trade and economic relations in the region and on navigation along the Danube. As the Ukrainian economy has been opening out increasingly to foreign, including European, markets, it has at the same time been particularly vulnerable to external shocks. The losses resulting from the Kosovo conflict exacerbated the economic problems associated with the Russian and Asian financial crises of 1997-1998, and also with the consequences of the protracted economic sanctions imposed by the Security Council on Yugoslavia from 1992 to 1996. As a result of the aerial bombardments by the North Atlantic Treaty Organization (NATO),

commercial shipping was halted on an extensive section of the Danube. The restricted navigation along the Danube brought to a standstill the work of Ukraine's shipping companies which used to transport cargoes along this important international waterway. The Ukrainian companies which suffered the heaviest losses as a result of the Security Council sanctions and of the NATO military action include the Ukrainian Danube Shipping Company, the maritime ports of Izmayil, Ust-Dunaysk and Reni, the Izmayil ship repair yards, the Kiliya shipbuilding and repair yards, and the joint stock shipping company Ukrrechflot.

19. For the Ukrainian Danube Shipping Company alone, the actual losses resulting from the application of the sanctions regime against Yugoslavia amounted to $440 million, not including lost business. Unfortunately, Ukraine did not receive the special economic assistance from the international financial institutions and donor countries that it was entitled to expect in accordance with the relevant General Assembly resolutions. Moreover, the military action in the Balkans in 1999 gave rise to economic losses resulting from the interruption of transit navigation along the Danube. The Ukrainian Danube Shipping Company alone incurred losses amounting to $110 million, and the total losses of all Ukrainian companies operating on the Danube amounted to $125 million. As of now, the Ukrainian Danube Shipping Company is losing $300,000 a day. The transportation of a total of 4.5 million tons of ores, pellets, fertilizers and metal to companies in Austria and Hungary has been halted. The traditional transit of cargoes from Austria, Germany, Hungary, Slovakia and other countries has come to a complete standstill. As a result of the change in flows of goods and incomplete fulfilment of contracts, companies in Ukraine's mining and extracting industry have also incurred considerable losses.

20. At present the financing of operations to clear the navigation channel of the Danube in Yugoslavia and resume shipping is an acute problem, while the financial situation of Ukrainian shipping companies in the Danube region is continuing to deteriorate. Without urgent financial help they will be forced to resort to extreme measures of reducing the size of their workforces, which will lead to an aggravation of social tension in the region. Moreover, these companies have unmet financial obligations to banks, and lack the working capital needed to perform repair work and build new ships. The Verkhovna Rada (Parliament) and Government of Ukraine have taken a number of decisive measures to stabilize the financial situation of the country's shipping companies, which have made it possible to avoid a complete shutdown of the work of the Ukrainian Danube Shipping Company, Ukrrechflot, and the Izmayil, Reni and Kiliya shipyards, which constitute the largest transport structure on the Danube and are the main employers in this region of Ukraine. In particular, almost all taxes for the period from 1 March to 1 July 1999 were written off for these companies, and they were exempted from the payment of excise duties and import tariffs on oil imports for their own needs up to the end of 1999. The total amount of debt relief and temporary tax concessions was 8.2 million hryvnas (about $1.5 million). Yet, this amount represents only 1.7 per cent of total losses (about $110 million).

21. The continued work of Ukraine's transport infrastructure on the Danube is directly dependent on the full resumption of navigation along the river. Even partial resumption will not make it possible to stabilize the situation, since the main customers of Ukrainian carriers and ports are located beyond the destroyed Yugoslav bridges, which have blocked the passage of vessels along the Danube. The dynamic of Ukraine's trade with the Balkan countries clearly demonstrates the substantial decline in volume in 1999 compared with the preceding period, amounting to up to 50 per cent in the case of Yugoslavia. As a result of the measures adopted, these indicators began to improve gradually during the first half of 2000.

22. Ukraine is pursuing a consistent policy of developing cooperation with the countries of the region, particularly within the Danube Commission's work to clear the navigation channel of the Danube, and other regional initiatives. At the same time, participation in this work requires considerable financial investment. In Ukraine's view, the countries of the region that have suffered losses as a result of the Kosovo conflict should be given preference with regard to participation in projects and tenders, including the provision of grants and special-purpose concessional loans. Ukraine believes that at present the international community is not prepared to take adequate measures to mitigate the unforeseen adverse consequences for third countries that are neighbours of a country in the territory of which Kosovo-type conflicts are taking place. Unfortunately, despite the decisions taken by the

General Assembly, Ukraine has not received assistance or support from States and relevant international organizations in its efforts to overcome the negative consequences of the recent events in the Balkans. Ukraine would welcome the adoption by the international community of effective measures whereby affected countries, including Ukraine, would be afforded broader opportunities for active participation in post-conflict reconstruction, and the restoration and development of damaged infrastructure in the territory of the conflict. Ukraine is particularly interested in participating in specific projects developed within the framework of the regional initiatives, in particular the practical implementation of the Stability Pact for South-Eastern Europe.

23. **Yugoslavia** submitted a detailed memorandum, entitled "The damage sustained by the Federal Republic of Yugoslavia due to the dismemberment of the former Socialist Federal Republic of Yugoslavia, United Nations and European Union sanctions and the NATO aggression". In abstract, it stated that, owing to the recurrent problems, the Yugoslav economy had performed over the past 10 years at the level 50 per cent lower than that in 1991. Overall, the secession of the republics of the former Socialist Federal Republic of Yugoslavia (1991-1992), the Security Council sanctions (1992-1996), the sanctions of the EU (since 1998) and the NATO aggression (1999) adversely affected the country's prospects for economic growth and development, the living standards of the population, the realization of the basic human rights, the income levels and social benefits, the environmental situation, the scientific and technological potential, as well as its external economic relations and participation in international organizations and institutions. All those factors accounted for the drastic fall of the gross national product per capita from $2,735 in 1990 to $1,300 in 1999.

24. More specifically, the memorandum asserted that the sanctions had drastically affected various sectors of the Yugoslav economy in a variety of ways: the share of industrial production in the gross national product fell from 43 to 35 per cent; the overall volume of foreign trade diminished by 63.9 per cent (exports by 74.2 per cent and imports by 55.8 per cent); the use of capacities in the food processing industry dropped by 40 per cent; and the value of agricultural exports plummeted by 60 per cent. The rigorous embargo on oil and oil products accounted for a deficient use of refineries and the resultant fuel and power shortages caused interruptions in economic activities and created problems in transport traffic, impeding the delivery of goods and services and the heating of schools, hospitals, public institutions and private homes. Under the sanctions regime, Yugoslav planes and ships were seized and the overall volume of cargo transported on Yugoslav freighters diminished by more than 80 per cent. The volume of services in passenger traffic diminished by 55 per cent and in cargo haulage by 67 per cent. The dearth of financial resources decelerated infrastructure maintenance and construction dynamics. The sanctions also accounted for the technological superannuation of the Yugoslav economy and the loss of competitiveness of Yugoslav companies on the world market, as well as the fall of foreign exchange revenues and the rise of unemployment.

25. The memorandum stated that, apart from the loss of human lives, the NATO aggression against Yugoslavia from 24 March to 9 June 1999 brought about a drastic deterioration of the country's economic situation and severe humanitarian and environmental consequences. The infrastructure, the manufacturing industries, especially metallurgical and metal-processing sectors, oil refineries and chemical and tobacco industries were hardly hit. The listing of destroyed or heavily damaged facilities included: 42 energy generating plants and transmission installations (oil refineries, fuel depots, transformer substations); 64 telecommunication and broadcasting centres; 66 road and railroad bridges, primarily on the main transport routes; 32 agricultural complexes; 23 hits on railroad tracks and stations; 8 airports; 309 schools (306 damaged, 3 destroyed); 28 administrative buildings; 23 clinics and hospitals; 85 Orthodox Christian churches, monasteries and other shrines.

26. In particular, the memorandum highlighted the destruction inflicted by the air strikes on the oil and gas industries, the pivotal sectors in providing energy and electric power to the economy and the population, as well as the damage to the infrastructure systems, of both national and regional significance. For example, the disruption of road and railroad traffic on many international transit routes adversely affected the overall transit traffic through Yugoslavia and caused a sharp decline in the volume of the transportation of goods. With the destruction of five and the damage to three bridges over the Danube, the navigation on the

Yugoslav part of this important European waterway came to a complete halt. Apart from the loss sustained by the Yugoslav economy, enormous material damage was caused to the economies of many other Danube-riparian countries, in view of the fact that annual shipment of goods on the Danube had amounted to 80 million tons. Several facilities of the Yugoslav telecommunication network were destroyed (e.g., television centres in Belgrade and Novi Sad), while the destruction of the Danube bridges at Novi Sad accounted for the severance of optical and co-axial cables for international telephone traffic.

27. According to the estimates contained in the memorandum, the overall damage in the territory of Yugoslavia due to the NATO aggression (direct and indirect damage and damage done to physical persons) amounted to over $100 billion. At the same time, a negative economic growth of -23.2 per cent was registered in 1999, as well as a fall of the national per capita income from $1,742 in 1998 to $1,338 in 1999. The destruction of industrial capacities and transport facilities accounted for a low level of Yugoslav trade in 1999, following the decline of the overall turnover by 36.5 per cent and of the values of exports and imports, respectively, by 46.9 per cent and 30.3 per cent, compared to 1998. Although the trade deficit was reduced by 6 per cent, the share of import covered by export decreased from 59.6 per cent in 1998 to 45.4 per cent in 1999.

28. With reference to the analysis by the Economic Commission for Europe,[3] the memorandum concluded that the goals of reconstruction and development of South-Eastern Europe could not be attained short of the inclusion of Yugoslavia into the scope of the international assistance efforts, including humanitarian assistance as well as strategic reconstruction and development projects supported by the resources of international financial institutions, such as IMF and the World Bank. This would require that all remaining sanctions be lifted immediately and that Yugoslavia be enabled to return to the system of international organizations and financial institutions. In turn, this would help Yugoslavia to alleviate the enormous burden of mobilizing and investing its own scarce resources in the reconstruction of the country.

B. Response of the United Nations system

29. At 25 October 2000, a total of 19 organizations, programmes and funds of the United Nations system had provided information on their activities in South-Eastern Europe. The replies received indicate that all the relevant components of the United Nations system recognize the special economic problems and needs of the Balkan region and continue to provide support and assistance to the affected countries. In many instances, the reported activities went beyond the scope of special economic assistance provided to the countries affected by the situation in the Balkans during the reporting period and, therefore, are not fully reflected in the following section of the report.

Specialized agencies and related organizations

30. The **International Labour Organization (ILO)** has continued to provide assistance to the affected States through its advisory services and technical cooperation programmes carried out at the regional and country levels. The principal role of ILO in the Balkans, and more specifically in Kosovo, is to provide advice on legislation and render support for the institution-building process in the areas of the organization's four strategic objectives: (a) promote and realize fundamental principles and rights at work; (b) create greater opportunities for women and men to secure decent employment and income; (c) enhance the coverage and effectiveness of social protection for all; and (d) strengthen tripartism and social dialogue.

31. In response to the situation of the conflict-affected countries of South-Eastern Europe, ILO, in cooperation with the Government of Bulgaria, organized at Sofia in October 1999 a high-level tripartite conference on employment, labour and social policy in South-Eastern Europe, which brought together the Ministers of Labour and Social Affairs and the leaders of the social partners of the countries of the region. The participants adopted the Sofia Declaration, which was designed to reinforce the social dimension in the implementation of the Stability Pact for South-Eastern Europe. It was stressed that the countries of the region were the owners of the stabilization process and their full commitment to and engagement in that process were critical to its success.

32. In all the affected countries of the Balkan region, ILO has been active in the following areas:

(a) furthering a tripartite approach to economic, industrial and social restructuring at the national and local levels; (b) assisting the reforms of social security and social protection systems; (c) monitoring labour market developments and promoting active employment policies; (d) supporting small and medium-size enterprises, particularly through a project entitled "Start and Improve Your Business"; (e) implementing the employment-intensive infrastructure projects; (f) providing advice on wages and income policies; and (g) developing urban poverty partnership programmes.

33. In the wake of the Kosovo crisis, ILO set up a Balkan task force, with a support unit in Pristina, which is responsible for developing assistance projects for Kosovo. To date, eight projects have been elaborated and submitted to potential donors for funding. They cover such areas as: (a) emergency employment creation through labour-intensive methods; (b) vocational training and promotion of small and medium-size enterprises, including retraining of returnees and ex-combatants, microfinance and local economic development; (c) labour market assessment and rapid data collection; (d) social protection schemes, including social security, social assistance and social safety nets; and (e) institutional capacity-building, promotion of social dialogue, reconciliation and social healing and an appropriate labour law framework. By mid-2000, the following three projects were under way: a project to establish a network of vocational training centres in Kosovo; the project to start and improve a business, for the development of small and medium-size enterprises; and a project to prepare a social assistance programme targeting vulnerable groups of the population.

34. The **Food and Agriculture Organization of the United Nations (FAO)** has provided emergency assistance to the agricultural sector in the Balkans since 1994, starting in Bosnia and Herzegovina, where some 22 emergency projects were implemented to distribute inputs to war-affected farmers, for a total amount of $19.5 million. FAO emergency activities in the Balkans resumed in the spring of 1999 to respond to the onset of the Kosovo crisis. In Albania and the former Yugoslav Republic of Macedonia, projects were carried out to assist the families hosting refugees from Kosovo with seed, fertilizer and animal feed, and to provide advice and technical support to the Ministry of Agriculture. The FAO technical cooperation programme contributed $787,200 to co-fund, together with bilateral donors ($882,000), four emergency projects in Albania, and provided $707,000 towards the implementation of two emergency projects in the former Yugoslav Republic of Macedonia.

35. As from July 1999, FAO has expanded its operations in Kosovo to assist conflict-affected residents and returnees. Some 18 projects have been carried out (four already completed), for a total amount of $14 million, covering the coordination of emergency agricultural activities, distribution of basic agricultural inputs to about 70,000 most vulnerable families, emergency livestock vaccination, re-establishment of a seed control laboratory and seed multiplication capacity. In addition, activities are under way to support the transition from emergency relief to rehabilitation and development, including support for the repair of farm machinery, the rehabilitation of the forestry sector and establishment of a food security surveillance system. Funding for these projects and activities have been drawn largely from bilateral donors. Within the short- and medium-term programme for reconstruction and recovery in Kosovo ($2.34 billion), prepared in November 1999, the total external financing requirements for the agricultural sector were estimated at $235 million, including $8 million for the winter of 1999/00, $86 million for April-December 2000 and $141 million for the second phase reconstruction (2001-2004). Since July 2000, FAO has been engaged in implementing a project in Kosovo funded by the World Bank on emergency farm reconstruction for $11.5 million, covering the distribution of cattle and new tractors, the provision of veterinary and repair services, the restoration of a central veterinary diagnostic laboratory and artificial insemination centre, as well as agricultural policy assistance to the transitional authorities.

36. Although FAO has not yet implemented assistance programmes in Serbia and Montenegro, two needs assessment missions were dispatched in April and June 2000 and project proposals were formulated to respond to emergency requirements in the agricultural sector. Priority assistance has been identified for vulnerable groups of the population, including displaced persons and small-scale farmers, particularly in the areas of seed, fertilizer and animal feed supply. In Romania, three emergency projects financed by the FAO technical assistance programme were carried out in 1999 to assist the Government in

coping with the effects of floods ($679,000) and a forest infestation by the gypsy moth ($365,000). In the former Yugoslav Republic of Macedonia, FAO has been involved in preparing and implementing three recovery projects funded by the World Bank: an irrigation rehabilitation project; a private farm support project; and a private sector development project.

37. In addition to emergency relief, FAO has provided rehabilitation and development assistance to the affected countries of the region. In 1996-1999, reconstruction support for agriculture in Bosnia and Herzegovina amounted to $43 million in terms of completed agricultural projects, while total disbursements are expected to reach $113 million, including $70 million for ongoing projects. FAO has assisted the Government in formulating and implementing two projects in agriculture financed by the World Bank: the completed emergency farm reconstruction project and the ongoing forestry sector reconstruction project. In 1998, FAO financed the formulation of a medium-term agriculture sector strategy for Bosnia and Herzegovina ($396,000), which involved both entities, was well received by the donor community and is expected to be approved by Parliament.

38. In Croatia, FAO assisted in the formulation of projects for three World Bank loans: an emergency farm reconstruction project ($25 million), an Eastern Slavonia reconstruction project ($67.3 million, of which $40.6 million is the Bank's credit) and a coastal forestry project, covering areas around Dubrovnik, Zadar and Split ($63.7 million, of which $42 million comes from the Bank's loan). In addition, FAO formulated a strategy for sustainable agricultural development, which led to the preparation and financing of a private farmers support services project ($30 million, 57 per cent of which is financed by a World Bank loan) and a project to support the construction of wholesale markets in the cities of Zagreb, Osijek and Rijeka ($39.6 million, 49 per cent of which is to be financed by an EBRD loan).

39. In defining its future activities in the Balkan region, FAO intends to give particular attention to assisting the affected countries in their efforts to move from emergency measures to rehabilitation and development, and to carry out reforms in their agricultural sectors. These will include policy advice and technical assistance for establishing market mechanisms and institutions to increase agricultural production and productivity as well as to promote social inclusion and cohesion, in accordance with the Stability Pact for South-Eastern Europe. In this context, FAO will assist Governments in the region in identifying investment priorities and in formulating project proposals aimed at a sustainable reconstruction and development of the agricultural and rural sectors. To this end, FAO will continue its close collaboration with the development partners involved in the Stability Pact.

40. The **United Nations Educational, Scientific and Cultural Organization** (UNESCO) has provided technical assistance to the Balkan countries in all the main areas of its work. In the field of education, relevant activities include: (a) an international conference on the topic of "disarming history" (Visby, Sweden, September 1999), which focused on combating stereotypes and prejudice in the history textbooks of South-Eastern Europe, and which featured a round table on revisiting the Balkans and looking at South-Eastern Europe through literature and art, organized in collaboration with the UNESCO-supported Balkan Centre for Writers and Translators; (b) an international conference on educational cooperation for peace, stability and democracy in South-Eastern Europe (Sofia, 1999), at which UNESCO presented a position paper on the role of higher education in the region; (c) a meeting of associated schools in South-Eastern Europe on the subject of sport, youth, health and peace (Ptuj, Slovenia, May 2000), which led to a project on peaceful alternatives to conflict through education; (d) a project on international education and education for human rights in Albania ($340,000 provided by the Italian Government), which is aimed at promoting the production of unbiased textbooks in Albania to eliminate ethnic and gender discrimination at the primary and secondary levels, introducing the dimension of intercultural understanding, cooperation, peace, human rights and democracy in educational curricula and training teachers, curriculum designers, textbook writers and school administrators on the concepts and practices of human rights; and (e) a symposium on the curricula in Bosnia and Herzegovina (Sarajevo, February 2000), which was organized by UNESCO to address the serious situation concerning the segregation of pupils in schools on ethnic grounds.

41. In the area of science, the UNESCO office in Venice, Italy, initiated and implemented a series of

projects covering the Adriatic region, including Albania, Bosnia and Herzegovina, Croatia and Slovenia. These include: (a) a Mediterranean network on science and technology of advanced polymer-based materials; (b) a pilot project on urban development and freshwater resources in small coastal cities, in the city of Ornisalj on Krk Island, Croatia, which aims at elaborating general guidelines for the sustainable development of coastal cities, with a particular emphasis on cultural heritage, water management and tourism development, and which may be extended to other countries of the Adriatic region; and (c) an international forum for reflections on the role of science and education in socio-economic development of humanities (Bled, Slovenia). In conjunction with the World Conference on Science, high-level officials from the Balkan countries took part in several regional events, including a meeting of ministers and senior officials responsible for science policies in Central and Eastern-European Countries (Budapest, Hungary, June 1999), a meeting of ministers and senior experts in science policy on European partnership in science (Paris, November 1999), and a workshop on European science and technology policy and the enlargement of EU (Venice, Italy, May 2000). UNESCO also provided short-term research grants in the field of bio-medical research and biotechnology, and sponsored numerous training activities for young specialists from several Balkan countries.

42. In the field of cultural heritage, UNESCO dispatched several assessment missions to Dubrovnik, Croatia, and offered its assistance for the restoration of the damaged roofs of the Old Town. Within the framework of the Dayton Commission, established in accordance with annex VIII to the 1995 General Framework Agreement for Peace in Bosnia and Herzegovina (the Dayton Peace Agreement),[4] for the protection of national monuments in Bosnia and Herzegovina, more than 800 monuments have been documented and a new law on the protection of cultural heritage has been endorsed. UNESCO took part in launching a project for the rebuilding of the Old Bridge of Mostar, Bosnia and Herzegovina, and established an international committee of experts to provide the high-level expertise required for the reconstruction work. Under the World Heritage Fund's emergency assistance, a project concerning the World Heritage site of Butrinti, Albania ($100,000) is being implemented.

43. UNESCO has given priority to assisting the Balkan countries in building a strong, independent and democratic media, by providing infrastructure support, training and equipment for electronic media, distributing quality documentaries, films and children's programmes to television stations, as well as expertise to local governments. In cooperation with the World Association of Newspapers, UNESCO has assisted the private print press in Yugoslavia to create a distribution system for newspapers and weeklies.

44. In Kosovo, UNESCO has concentrated its efforts on the reconstruction of the education system, by providing the required staff and expertise to the United Nations Interim Administration Mission in Kosovo (UNMIK), dispatching missions of education experts to introduce civics and human rights into formal and non-formal education and to prepare strategic school mapping, as well as raising funds for donation of school materials and stationery. In addition, UNESCO has elaborated a number of assessments and project proposals for surveys of cultural heritage, archives, museums and libraries in Kosovo town centres (Pec, Djakovica, Prizren and Pristina) for both emergency interventions and inclusion in the reconstruction, restoration and development efforts.

45. The **World Bank** has continued and reinforced active lending programmes in all its member States in the Balkan region. In the immediate aftermath of the Kosovo crisis, the Bank's activities were focused on providing emergency aid to relieve the suffering of a large number of refugees, and ensuring adequate external financing for the neighbouring countries most severely affected by the crisis. Subsequently, as the most urgent needs resulting from the Kosovo crisis have been met, the focus has shifted to the longer-term objectives of supporting reconstruction and development efforts in South-Eastern Europe. The Bank has contributed to these objectives through its role in donor coordination, particularly within the framework of the Stability Pact for South-Eastern Europe, selective financial support, and regional initiatives. In addition, the World Bank, in close collaboration with IMF, has been providing policy advice to UNMIK in the areas of economic management, including fiscal management, trade, banking and private sector development, as well as overall economic and social assessments.

46. In October 1999, the World Bank adopted a transitional support strategy for Kosovo and

established the Trust Fund for Kosovo, with an initial allocation of $25 million from the Bank's 1999 net income. In September 2000, an additional $35 million was allocated from the 2000 net income. Within the Trust Fund, the Bank has financed the following operations: (a) an economic assistance grant ($5 million) to support the UNMIK programme for the creation of an effective budget management system and the establishment of an effective bank licensing and supervision capability; (b) an education and health project ($4.4 million) to improve efficiency and equity of public resource allocation in these sectors; (c) an emergency farm reconstruction project ($10.6 million), which was developed jointly with FAO and which is co-financed by the Government of the Netherlands, to help restart agricultural production over the next two to three cropping seasons, and support investment in farm assets and agricultural services; and (d) a pilot project implemented jointly with the European Agency for Reconstruction, to provide small and medium-size enterprise line of credit ($5 million) for the private sector. Additional projects are under development in the areas of support for economic reforms and institution-building, and sustainable sector policies and institutions linked to the rehabilitation of infrastructure, consistent with the transitional support strategy for Kosovo. In addition, using the resources of the Post-Conflict Fund ($2 million), the Bank provided urgent support on a grant basis for recurrent expenditures in health and education (mostly salaries of teachers and health workers), and established a pilot community development fund that provides grants for priority community investments in areas with high incidence of poverty and conflict-related damage. Moreover, the International Finance Corporation (IFC) has contributed to establishing the Micro Enterprise Bank, the first bank that was licensed in Kosovo following the conflict. The Multilateral Investment Guarantee Agency has been exploring the possibility of establishing a trust fund for Kosovo to issue guarantees against the risks of transfer restriction, expropriations, war and civil disturbances, and breach of contract.

47. In the neighbouring countries, the World Bank launched emergency efforts and prepared "quick start" assistance packages for Albania and the former Yugoslav Republic of Macedonia, the two countries that were most severely affected by the Kosovo crisis as a result of large numbers of refugees, and also by disruptions in trade, transport and foreign investment. In addition, the Bank has heightened its development efforts in Bosnia and Herzegovina, Bulgaria, Croatia and Romania, which have also experienced disruptions in trade and transport, reduced confidence of foreign investors and lower tourism flows. In financial years 1998 and 1999, the Bank's concessional and market-based lending to South-Eastern Europe totalled $1.4 billion.

48. In Albania, the Bank's response included the following activities: (a) public expenditure support credit ($30 million) to relieve immediate budgetary pressures ensuing from the inflow of refugees; (b) an increase in the amount of the structural adjustment credit (from $20 million to $45 million) to provide additional quick-disbursing support; (c) supplemental credit to the community works project ($5 million) to provide services to areas affected by the inflow of refugees; and (d) an emergency road repair project ($13.7 million) and water supply urgent rehabilitation ($10 million) to address post-conflict needs in these sectors. In addition, using the resources of the Post-Conflict Fund ($1.5 million), the Bank provided a grant to finance aid and services to Kosovar refugees and to the local population in affected areas. In the former Yugoslav Republic of Macedonia, the Bank provided an economic recovery credit ($50 million) and a social support credit ($10 million), as well as a post-conflict grant ($1 million), to help mitigate the economic and social costs of the inflow of Kosovar refugees.

49. Under article 41 of the Stability Pact for South-Eastern Europe, the World Bank and the European Commission are responsible for coordinating a comprehensive approach to regional development and the donor conferences to secure needed external financing. In this context, the World Bank, working in close consultation with other partners, has prepared a comprehensive regional strategy paper on the road to stability and prosperity in South-Eastern Europe. The regional strategy paper concluded that a concerted effort of the countries of the region to implement deeper and more consistent reforms, alongside the efforts of the international community to integrate those countries into European and global structures and to provide assistance in key areas, offered the best hope for achieving peace, stability and prosperity throughout South-Eastern Europe. The strategy outlined the following four critical areas for priority action within the region: (a) trade integration with EU and enhanced intra-regional trade; (b) creating an enabling business environment for private sector development; (c)

fostering social cohesion; (d) improving institutional capacity and governance structures; and (e) investing in regional infrastructure development, including environmental protection.

50. Although the World Bank provides loans to Governments on a country basis, three regional initiatives have been launched, in cooperation with other donors, to reinforce the objectives of achieving lasting peace, increased prosperity, and poverty reduction for all people living in South-Eastern Europe. First, a project for trade and transport facilitation in South-Eastern Europe (total cost $115 million) aims at reducing trade and transport costs in the region, curbing the incidence of smuggling and corruption at border crossings, and strengthening regional partnerships and expanding regional trade. Second, the Balkan Enterprise Facility will support Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and, to the extent possible, Kosovo, in developing the private sector. It is expected that the private sector in these countries, which is mainly composed of small and medium-size enterprises, will be the driving force for sustainable income and growth in the region. The Facility will address the constraints faced by enterprises in the region in the overall business environment, managerial and technical skills and access to knowledge and information. Third, the social development initiative for South-Eastern Europe aims at providing the countries of the region and the donor community with improved capacity to carry out social analysis and develop projects to address inter-ethnic tensions and social cohesion issues. The initiative will support Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, the former Yugoslav Republic of Macedonia and Kosovo. In addition, the World Bank supports other Stability Pact activities, such as the investment compact, the anti-corruption initiative, the working group on trade liberalization and facilitation and the labour redeployment projects.

51. The **International Monetary Fund (IMF)** has continued to provide financial and technical support to the six Balkan States that have been considerably affected by the adverse developments in the region — Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania and the former Yugoslav Republic of Macedonia. IMF assistance is part of an ongoing effort to promote stable macroeconomic environments and structural reforms in these countries. Since 1991, total disbursements to these six States have amounted to about $4.6 billion under various IMF facilities. The Fund's financial assistance takes into account, inter alia, the strength of the countries' economic policies and their balance-of-payments needs, including estimates of the adverse effects of the sanctions imposed on Yugoslavia and of the conflict situations in the Balkans. For example, IMF intensified its financial assistance to Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia in the wake of the 1999 conflict in Kosovo. These three countries are also eligible for concessional financing under the IMF Poverty Reduction and Growth Facility. Relatedly, Albania prepared an interim poverty reduction strategy paper that has been reviewed by the Executive Boards of the IMF and the World Bank.

52. At July 2000, IMF had active financial arrangements with four of the six affected States (Albania, Bosnia and Herzegovina, Bulgaria and Romania) and was in close discussions about possible arrangements with the other two States (Croatia and the former Yugoslav Republic of Macedonia). IMF also continues to provide advice and technical assistance to other States that have been affected by the developments in the Balkans, including Hungary, the Republic of Moldova and Ukraine. In the case of Ukraine, IMF approved in 1998 an extended arrangement in the amount of about $2.2 billion. At present, discussions are under way in the context of the fourth review of that arrangement.

53. In the aftermath of the Kosovo crisis, IMF has been providing extensive technical assistance to Kosovo, most notably in the fields of budgetary and payments systems. This assistance has helped to establish effective taxation and a well-functioning central fiscal agency, mobilize budgetary payments, and put in place the framework for the regeneration of the banking system. In addition, IMF participates in the Stability Pact for South-Eastern Europe and other regional forums to help coordinate donor support and economic policy advice to the countries of the region. In this context, the Fund prepares regular regional macroeconomic assessments and projections of external financing needs.

54. The **International Maritime Organization (IMO)** has taken note of the special economic problems confronting the Eastern European States affected by the developments in the Balkans. In this connection, IMO reported that nationals from those

States had been admitted to the IMO International Maritime Academy, the World Maritime University and the IMO International Maritime Law Institute, providing specialized short-term courses and postgraduate education in such areas as maritime administration, maritime education and training, maritime management, maritime safety and environmental protection, port management and shipping management, and training for maritime lawyers. Moreover, the IMO integrated technical cooperation programme pursues institutional and capacity-building in the region through technical advisory missions, and through the following regional projects: (a) a regional plan for the cooperation of Maritime Search and Rescue and the Global Maritime Distress and Safety System, Black Sea; (b) development of port State control capability in the Black Sea countries; and (c) contingency planning in the Black Sea region.

55. The **United Nations Industrial Development Organization (UNIDO)** has provided development support and technical assistance to the Eastern European States affected by the developments in the Balkans, focusing on such areas of the organization's competence as industrial governance and restructuring, enhancing industrial competitiveness and entrepreneurship, investment and technology promotion for sustainable industrial development. The strategy of UNIDO in post-conflict economies of the Balkan region is based on its own experience suggesting that the most effective impact can be achieved by commencing support for economic, employment and environmental dimensions of the reconstruction process at the same time with the humanitarian assistance and emergency relief efforts, in order to ensure the smoothest possible transition to sustainable industrial development. In the most seriously affected countries of the region, Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia, UNIDO will concentrate on selected core competencies and service modules, including support for the establishment of business development centres, the creation of small and medium-size enterprises, the introduction of cleaner production techniques and technologies as well as those related to waste management, with particular emphasis on institutional capacity-building and industrial governance.

56. The **World Tourism Organization (WTO)** carried out a survey to determine the likely impact of the 1999 Kosovo conflict on the year's tourism results, particularly in the member States of WTO affected by the developments in the Balkans. Following an informal special meeting on the issue of the WTO Commission for Europe (Prague, May 1999), WTO offered technical assistance to interested countries of the region in organizing promotional campaigns and media briefings to restore confidence of the travelling public. In October 1999, WTO organized a seminar at Varna, Bulgaria, on the route of the monasteries and alternative forms of tourism to assist the Balkan countries in developing a broader range of tourist attractions designed to appeal to market segments less sensitive to political events in the region. In the fall of 1999, WTO executed a project funded by the United Nations Development Programme (UNDP) to prepare a national tourism development strategy for the Republic of Moldova, with emphasis on capacity-building and sustainable ecotourism development of that country's natural areas. Although other countries of the region have also indicated that WTO assistance in tourism development could help them to alleviate their special economic problems stemming from the developments in the Balkans, UNDP resources earmarked for tourism sectoral reconstruction in this region remain scarce.

United Nations programmes and funds

57. The **United Nations Conference on Trade and Development (UNCTAD)** continued to provide technical assistance to several affected countries in the areas of trade facilitation, investment promotion, transport services and training. Within the UNCTAD Global Trade Point Network, national trade points have been established in Bulgaria, Hungary, Romania, Slovakia and Slovenia, with a view to enhancing their participation in international trade, reducing transaction costs and promoting better trade practices. The UNCTAD Automated System for Customs Data has been installed in Bulgaria, Hungary, Romania, Slovakia and the former Yugoslav Republic of Macedonia. Proposals for similar customs management projects are being finalized for Albania and Bosnia and Herzegovina, including the approval of funding agreements. Recent examples under the UNCTAD technical assistance project on market access, trade laws and preferences include assistance to Slovakia through the publication of a handbook on the Generalized System of Preferences (GSP) and support

to Ukraine to organize a national workshop on GSP rules of origin. UNCTAD also provides technical assistance and advisory services to the Government of the former Yugoslav Republic of Macedonia in the process of accession to the World Trade Organization. In addition, UNCTAD is carrying out an extensive training project in Romania to reinforce the country's capacities in the external trade sector.

58. In the area of investment promotion, UNCTAD provided advisory and training services to Albania, including support for the 1999 international investment conference at Tirana, and organized several rounds of bilateral investment treaty negotiations, during which Croatia negotiated such agreements with seven countries. In 1999, UNCTAD organized at Sinaia, Romania, a working group meeting of the leading accounting and audit associations in South-Eastern Europe to explore regional accounting reform proposals. As a result, the South-Eastern European Partnership on Accountancy Development was created for the purpose of assisting countries of the region in establishing sound corporate governance, financial disclosure and accounting regimes. In follow-up of the South-Eastern European Partnership on Accountancy Development initiative, two further meetings were held in 2000, at Sofia, and at Banja Luka, Bosnia and Herzegovina, to discuss the issues of developing legal and regulatory frameworks for accountancy, and education and certification programmes for accountants and auditors. In addition, the UNCTAD software package, the Debt Management and Financial Analysis System, is being implemented in Albania, the Republic of Moldova, Romania, the former Yugoslav Republic of Macedonia and Ukraine.

59. In the transport sector, the UNCTAD Advance Cargo Information System (ACIS) provides a set of computer applications designed to produce management information to address multimodal cargo transit and transport resource problems (on rail, rivers, roads and at ports), with a view to achieving greater trade and transport efficiency. The ACIS rail module is being implemented in Bulgaria, while Hungary has expressed interest in implementing the ACIS river module along the Danube. Within the UNCTAD maritime trade and port management training network, national centres are operational in Georgia and Romania, with the expectation of creating a regional network for the Black Sea region. Also through this network, UNCTAD provided advisory services and study tours to officials in the port of Durres in Albania.

60. The **United Nations Development Programme (UNDP)** continued to provide support to the affected Eastern European countries both inside and outside the Balkan region. UNDP activities in those countries include support to post-humanitarian rehabilitation and socio-economic regeneration, as well as longer-term local and national capacity-building, promotion of good governance, democratization and economic reform, and development of productive facilities, including small and medium-size enterprises. In Albania, UNDP has supported programmes designed to promote recovery and stability through private sector development, institutional capacity-building, provision of social services, rehabilitation of infrastructure, direct humanitarian assistance, as well as income generation activities. For example, an area rehabilitation and recovery operation was designed to develop quick impact projects for vulnerable populations affected by the crisis. In collaboration with several donors, UNDP has supported civilian disarmament by providing development assistance in exchange for voluntary surrender of weapons. In 2000, UNDP took part in the coordination and organization of local elections.

61. In Bosnia and Herzegovina, UNDP was involved in several programmes designed to promote peace and reconciliation in various war-stricken parts of the country. Through a group of integrated, multisectoral and area-based development projects, UNDP has been supporting the reconstruction process, focusing on rebuilding local capacities, rehabilitating social infrastructure and regenerating productive activities. Notable examples include two projects in the north-western and central areas: rehabilitation and sustainable social development, which targets 12 northwestern municipalities, and social reconstruction assistance to Gorjni Vakuf. In partnership with the European Commission and the Governments of Japan and Germany, UNDP also supports three interlinked programmes for refugee resettlement and village employment and environment, which have directly benefited thousands of refugees by providing them with housing, labour-intensive employment, income-generation opportunities, legal advice and training through local means. The other two pillars of UNDP programme relate to (a) sectoral assistance projects in the areas of health care, education, agriculture,

vocational training, criminal justice and business development; and (b) policy advice to government institutions on economic transition, aid coordination, gender issues and demining areas. Institutional capacity-building at the central level will be particularly accentuated in the future.

62. In Bulgaria, UNDP has initiated a flagship project, "Beautiful Bulgaria", which is aimed at urban refurbishment and is co-financed by the European Commission and the Government. This project has been successful in promoting temporary and longer-term job creation, as well as providing vocational training to small enterprises and target groups of unemployed population, particularly among Bulgaria's ethnic minorities (Roma and Turks). In addition, UNDP is undertaking, together with the World Bank and the Government, a Regional Initiatives Fund pilot project, which will evolve into a national social investment fund. Employment generation activities led by UNDP that focus on repairing/installing water-supply systems and building roads are intended to benefit the populations hardest hit by Bulgaria's transition.

63. In Croatia, UNDP has targeted most of its resources to a multi-donor programme designed to create favourable conditions for the return of displaced persons to the war-torn areas of Sibenik county, Eastern Slavonia, Western Slavonia, Dalmatia and Knin/Lika. Based on the participatory development approach, the programme is intended to strengthen local capacities and community works in such areas as income generation, support to the most vulnerable segments of the population and rehabilitation of social infrastructure (for example, feeder roads, schools, water supply systems). To ensure coherence, UNDP provides the overall management and technical support to the programme, while the donors (Belgium, Sweden and the European Commission) generally fund preferred activities in specific areas.

64. In Romania, UNDP is supporting small and medium-size enterprises focusing on furniture and garment exports through business centres that provide advice on how to prepare a business plan, as well as in the areas of marketing and design. In addition, UNDP is supporting the Government's capacity to prevent and respond to national and international crises, through the establishment of an early warning system and training in conflict mediation and other techniques.

65. In the former Yugoslav Republic of Macedonia, UNDP helped mitigate the economic hardships caused by the Kosovo crisis, and is now fully involved in supporting the country's longer-term social and economic transition through a variety of interventions. In the area of sustainable development, UNDP has provided technical expertise for institutional capacity-building and policy development, as well as support to initiatives and projects for environmental protection, poverty alleviation and income generation. UNDP has been engaged, with the support of the Netherlands, in addressing the environmental situation in Veles, has expanded the public works clean and green programme, co-sponsored together with Norway, to all municipalities, and has taken part in the poverty reduction rehabilitation programme led by the World Bank.

66. In order to ensure a cohesive approach to the Balkans, UNDP has continued to support regional projects and activities in South-Eastern Europe. For example, UNDP sponsored a report on human security in South-Eastern Europe to provide a regional dimension to the various policy dialogues and options for decisions related to the post-conflict reconstruction of the region. In addition, UNDP supports a subregional early warning system for South-Eastern Europe based on national early warning reports from all Balkan States that monitor key economic, social, political, ethnic and religious indicators, with a view to providing timely signals of forthcoming crises or emergencies. The analysis of these indicators can be used by Governments and international organizations to identify the potential for violent conflicts, develop strategic responses to emergencies and present policy options to key decision-makers.

67. In addition, UNDP provides development support to the affected countries outside the Balkan region. In Hungary, UNDP is encouraging, through a national human development report, policy discussions on a variety of issues related to the country's transition process and accession to the European Union (EU). UNDP is also contributing to the national efforts to address regional and income disparities by supporting private sector development, as well as activities in the education sector targeted at the Roma (gypsy) population. In the Republic of Moldova, UNDP has been supporting private sector development by promoting small and medium-size enterprises, establishing business centres to advise potential

entrepreneurs, and by developing programmes in the area of trade and foreign investment promotion. In Ukraine, UNDP is supporting business development activities, with an emphasis on the creation of small and medium-size enterprises, credit unions and opportunities for women in business. In addition, vocational training was provided to entrepreneurs, through the implementation of modular skills-related training packages in 26 training centres. In collaboration with the United States of America, UNDP is supporting an analytical think-tank, which assists the Government in the formulation of policies and legislation on a variety of social and economic issues.

68. The **United Nations Environment Programme (UNEP)** has carried out a range of activities, both in the context of emergency humanitarian assistance, in a joint effort with the United Nations Centre for Human Settlements (Habitat) (UNCHS), and a longer-term support for environmental reconstruction of the Balkan region. In the wake of the Kosovo crisis, a joint UNEP/UNCHS Balkans Task Force (BTF) was set up to analyse the consequences of the military actions on the environment and human settlements in the region. In October 1999, BTF produced a report entitled "The Kosovo Conflict: Consequences for the Environment and Human Settlements". The report highlighted a number of important conclusions on the post-conflict situation in the area and, in particular, identified four heavily polluted environmental "hot spots" in Yugoslavia (Pancevo, Kragujevac, Novi Sad and Bor), for immediate humanitarian assistance. Following positive reactions from a number of Governments and international organizations, BTF carried out a detailed feasibility study to define the exact scientific and associated financial requirements for the humanitarian clean-up of the hot spots. In March 2000, an environmental clean-up project for the four "hot spots" was embraced by the Stability Pact for South-Eastern Europe and financial support was pledged by several donor countries. The total cost of humanitarian emergency projects to address all the issues raised in the four hot spot areas is estimated at $19 million, of which some $7 million has already been raised. In follow-up, UNEP will start a new pilot project of a normative nature, which will provide a blueprint of benchmark standards and operating procedures for future clean-up actions to alleviate the serious environmental damage in the Balkan region. With financial support from the Government of the Netherlands, UNEP carried out, in September 2000, environmental assessments in Albania and the former Yugoslav Republic of Macedonia. In addition, UNEP will dispatch a mission to Kosovo to assess the environmental effects of the use of depleted uranium during the conflict.

69. UNEP has been engaged in the implementation of the regional environmental reconstruction programme of the Stability Pact for South-Eastern Europe. Within the priority projects, adopted in July 2000, activities will focus on the following three areas: (a) development of national information systems, with the support of the UNEP Global Resource Information Database and the Regional Environmental Centre for Central and Eastern Europe; (b) support for ratification and implementation of multilateral environmental conventions, particularly the Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters and other biodiversity-related conventions; and (c) establishment of a regional biodiversity forum, development of a regional ecological network, and support of national biodiversity action plans.

70. The **United Nations Children's Fund (UNICEF)** reported that the rights of children living in several countries of the Balkan region had been severely compromised by repression, violence, displacement and economic recession. In the first half of 2000, the situation of children and women continued to be adversely affected by chronic economic problems, the consequences of the Kosovo crisis and international isolation of Serbia outside Kosovo. However, some improvement in the security situation in the region provided an environment conducive to the provision of increased assistance to the affected countries. Guided by the Convention on the Rights of the Child, UNICEF assisted local communities in establishing an environment where children's rights to survival, protection and development could be met.

71. During the refugee exodus from the province of Kosovo from March to June 1999, UNICEF assistance focused on refugee and displaced children and women in camps, collective centres and host families, while strengthening social sector infrastructure and services in the areas receiving refugees and displaced persons. UNICEF promoted the creation of child friendly environments, providing adequate facilities for children's educational and recreational development

and their psychosocial recovery, and supported health care. While providing humanitarian assistance in refugee receiving areas, UNICEF prepared for similar activities in Kosovo to support refugees after their return. In the aftermath of the Kosovo crisis, UNICEF adopted a two-pronged approach: essential and life-saving relief assistance was provided to children and women, while simultaneously supporting the rehabilitation and reactivation of basic health, education and social services. In the areas hosting refugees and displaced persons, UNICEF continued to provide relief aid, educational supplies, psychosocial services and health care to children and women. UNICEF also responded to the needs of those who remained in Kosovo.

72. In the war-affected countries of the Balkan region, UNICEF continued to support reconstruction and development efforts. In Bosnia and Herzegovina and in Yugoslavia, excluding Kosovo, UNICEF supported ongoing efforts to revive weakened social services and strengthen national capacities to provide for the humanitarian and longer-term development needs of children and women. In Croatia, UNICEF continued its successful efforts to build project sustainability with a view to handing over responsibilities to national partners.

73. The **United Nations Population Fund (UNFPA)** has continued to provide support to the Eastern European States affected by the developments in the Balkans, with a view to assisting national efforts to provide comprehensive reproductive health information and services, including family planning and sexual health, to women, men and adolescents. At the country level, UNFPA has followed a two-pronged approach: providing emergency humanitarian relief and supporting national rehabilitation and development efforts. At the outbreak of the Kosovo crisis, UNFPA focused on meeting the urgent humanitarian needs of refugee women, through provision of emergency reproductive health kits and other basic equipment and supplies to refugee camps in Albania and the former Yugoslav Republic of Macedonia, and to maternity hospitals throughout Albania. The Fund's strategy was to work through local health systems, in order to meet the urgent needs of refugees, while at the same time strengthening national capacities.

74. Following the emergency operations in the Balkans, UNFPA resumed its focus on support for rehabilitation and development efforts in the region. In Bosnia and Herzegovina, UNFPA activities in 1999 concentrated on supporting capacity-building efforts in the area of reproductive health and family planning in both entities of the country, including a new project on reproductive health education through youth peer counselling. In Bulgaria, a comprehensive reproductive health project was approved in early 2000 to contribute to the 1999-2001 implementation phase of the health reform, enhance reproductive health care services and education, including those of adolescents and the Roma population, and improve fertility statistics and contraceptive logistics. In Romania, UNFPA supported a number of activities, primarily the 1997-1999 projects on a national family planning programme (total budget $700,000) and sexual education for adolescents ($265,000), as well as a new component, the male survey ($55,000). In the Republic of Moldova, a new project focusing on reproductive health services in three districts was approved in early 2000. In Ukraine, a new three-year project on support to integrated reproductive health services ($350,000) is aimed at improving the quality and accessibility of such services for population, with special attention to adolescents, abortion and prevention of human immunodeficiency virus/acquired immunodeficiency syndrome.

75. The **Economic Commission for Europe (ECE)** reported on the current economic situation and outlook for South-Eastern Europe in its *Economic Survey of Europe, 2000 No. 1*.[5] Although the forecast for 2000 saw a recovery from the recession of 1999, the macroeconomic situation of the subregion was still fragile. Despite lower inflation rates, current account deficits were large and persistent, resulting in a build-up of foreign debt and high unemployment rates averaging nearly 17 per cent. Domestic investment remained weak and foreign investment was insignificant. The *Survey* further emphasized that individual countries of South-Eastern Europe needed to draw up their own programmes for transition and development, which would accurately reflect their specific problems and policies. Such national programmes could then be discussed in the regional framework to improve coordination and encourage cooperation wherever international public goods, economies of scale and other externalities could be found.

76. At its annual session in May 2000, the Commission took up for in-depth discussion the issue

of economic regeneration in the Balkans. The debate focused on the difficulties of the transition process and on the role of international financial and technical assistance, including regional cooperation, in supporting that process. It was recognized that the persisting political instability, lack of State power and weakness of institutions hindered economic recovery. In many instances, Governments were overwhelmed with the double burden of post-conflict reconstruction and transition to a market economy. The meeting concurred that private sector development, particularly small and medium-size enterprises, and institutional capacity-building were essential for economic revitalization of the region, while renewed and sustained support of the international community and regional cooperation could play an important role in addressing security concerns, liberalization of trade, foreign investment and policy coordination.

77. ECE has continued to provide assistance to Eastern European States through a number of projects in the framework of regional and subregional groupings and initiatives, namely the Stability Pact for South-Eastern Europe, the Southeast European Cooperative Initiative, the Central European Initiative and the Black Sea Economic Cooperation, in the areas of transport, trade, environment, enterprise development and human settlements. In particular, ECE provides technical expertise and other support to Southeast European Cooperative Initiative projects in the following fields: (a) border crossing facilitation; (b) development of transport infrastructure; (c) interconnection of electric power systems; (d) energy efficiency; (e) natural gas network systems and international pipeline interconnections; (f) environmental protection for the Adriatic-Ionian region; (g) promotion of public-private partnerships; and (h) promotion of real estate investment. Under the Stability Pact Working Table II, ECE has participated in several sectoral bodies and meetings, including a new working group on trade, and has prepared a number of projects for South-Eastern Europe, most of which are being implemented jointly with the Southeast European Cooperative Initiative.

78. In cooperation with the Central European Initiative and other regional partners, ECE took part in organizing a conference on women's entrepreneurship (Brijuni, Croatia, October 1999), an international conference on legal aspects of small and medium-size enterprise development (Maribor, Slovenia, April 2000) and several working groups and round tables for the preparation of the third Central European Initiative summit economic forum (Budapest, Hungary, November 2000), as well as projects on investment promotion, female entrepreneurship network, business advisory services and micro-financing in the Balkan countries. Similarly, ECE cooperated with the Black Sea Economic Cooperation in organizing a workshop on environment and small and medium-size enterprises (Baku, Azerbaijan, March 2000) and a workshop on microcredit and credit guarantee funds (Sofia, May 2000), and the preparation for a workshop on technology transfer for small and medium-size enterprises, scheduled to be held at Athens, in autumn 2000.

79. The **Department of Economic and Social Affairs** of the United Nations Secretariat continued to carry out analytical activities and to provide policy advice and technical assistance to the affected countries in each of its main programme areas. Most relevant examples include the following activities: (a) the Division for Social Policy and Development organized a workshop on social policies in South-Eastern Europe (Vienna, 20-22 June 2000) and provided backstopping to various UNDP projects on socio-economic policy in Bosnia and Herzegovina, Bulgaria, the former Yugoslav Republic of Macedonia and Ukraine; (b) the Division for Sustainable Development convened at Bratislava, Slovakia, an expert group meeting on national strategies for cleaner production, and assisted Croatia in the preparation of the county's human development report; (c) the Division for Public Economics and Public Administration implements a UNDP technical cooperation project on capacity-building for conflict prevention and management in Romania and South-Eastern Europe, established in Thessaloniki, Greece, a regional centre for Eastern Europe to improve professionalism and ethical standards in the public service, and produced publications on transition issues related to financial management, privatization and private sector development; (d) the Development Policy Analysis Division carried out economic and social surveys and forecasts covering, inter alia, the issues related to effects of the Kosovo crisis, international assistance to the Balkan States and prospects of their integration into the European structures.

C. Regional initiatives and arrangements

80. Since the early 1990s, a series of regional initiatives and assistance arrangements have been launched to address a range of special economic problems of the affected countries in South-Eastern Europe. In the mid-1990s, the focus of international assistance to the region has shifted towards integrating the emergency relief projects into a longer-term regional perspective of economic reconstruction and recovery. At the end of the decade, the process initiated by the European Community to ensure a comprehensive and coherent approach to subregional cooperation and development was reflected in the Stability Pact for South-Eastern Europe, adopted on 10 June 1999 at Cologne, Germany, by the countries of the region and the international community. The Pact established a political commitment of all concerned to achieving peace, stability and prosperity in the region; and its work is organized through three working tables which include democratization and human rights (Working Table I), economic reconstruction, cooperation and development (Working Table II) and security issues (Working Table III).

81. In this framework, the European Commission and the World Bank have been assigned the special mandate to lead and coordinate the international support efforts for economic reconstruction of the region. The political commitment represented in the Stability Pact and the donor coordination mechanism, especially in the area of economic reconstruction and development, are complementary and mutually reinforcing. Updated information on regional activities in the areas of particular concern to the affected countries is provided below.

82. The **European Union (EU)** has been fully committed to peace, stabilization and development in South-Eastern Europe, and has provided substantial financial support to the countries of the region. Indeed, EU (the European Community and member States) is the largest financial provider to international efforts in the Balkan region, having contributed more than 17 billion euros in development, reconstruction, budgetary and humanitarian assistance during the period 1991-1999. The total EU assistance to the Western Balkans — Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia (Kosovo, Montenegro and Serbia) — has amounted to 8 billion euros since 1991. In addition, a total of 576.5 million euros was allocated for the Western Balkans in the budget of the European Commission for 2000, including 35 million euros for Albania, 100 million euros for Bosnia and Herzegovina, 18.5 million euros for Croatia, 20 million euros for the former Yugoslav Republic of Macedonia, and up to 360 million euros for Kosovo and 20 million euros in exceptional financial assistance to Montenegro, as well as 23 million euros for regional cooperation. In October 2000, an additional emergency aid package worth 200 million euros was proposed for Serbia to provide energy, food and medicine supplies.

83. EU has financed, mainly through the budgets of the Poland and Hungary Action for Restructuring of the Economy (PHARE) and the European Community programme for the rehabilitation and reconstruction of Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia and Yugoslavia (OBNOVA) a range of reconstruction and development activities to address specific concerns of the affected countries of the Balkan region in the areas of economic transition, transport infrastructure development, trade facilitation and investment promotion. In 1991-1999, total allocations under the PHARE and OBNOVA programmes amounted to 1.8 billion euros for the Western Balkans alone, including Albania (598 million euros), Bosnia and Herzegovina (745 million euros), Croatia (46 million euros), the former Yugoslav Republic of Macedonia (215 million euros) and Yugoslavia (167 million euros). With regard to particular problems on border crossings along the major transit routes in the region, the PHARE transit facilitation and customs modernization programme provided funding for a number of assistance projects related to border-crossing infrastructure improvement in the affected countries, including Albania, Bosnia and Herzegovina, Bulgaria, Hungary, Romania, and the former Yugoslav Republic of Macedonia. Similarly, the European Community programme, Technical Assistance for the Commonwealth of Independent States (TACIS) covering two Danube-riparian States, the Republic of Moldova and Ukraine, has allocated funds for border crossing development since 1996.

84. Since 1996, substantial levels of EU assistance under the PHARE and OBNOVA programmes have been provided to Bosnia and Herzegovina to support the efforts of building the country's social and political structures as well as a functioning economy. By the end of 1999, EU reconstruction assistance totalled 745

ion euros, focusing on rehabilitation of basic astructure, the return of refugees and displaced ons, democratization and reform, institutional icity-building and economic regeneration. itional funds were made available via the European mmunity Humanitarian Office, totalling more than 1 on euros for the period 1991-1999. Within evolving rities in 1997-1998, the focus of EU assistance has ed from addressing emergency needs towards a e systematic approach to rebuilding key sectors ntial for economic revival, with expert advice by a consultative task force on administration, latory framework and policies. EU support to r reconstruction projects in transport, water ly, waste management, housing, energy, culture and social services has been accompanied significant funding of the peace implementation ess. EU programme orientations for 2000 reflect a er shift from reconstruction to sustainable omic recovery as well as towards the stabilization association process which provides a clear prospect tegration into EU structures.

In response to the Kosovo crisis, EU provided, in , a total of 378 million euros in humanitarian tance to affected populations in Kosovo (111.7 on euros), Montenegro (17.5 million euros) and ia (70.3 million euros), as well as in neighbouring tries: Albania (97 million euros) and the former oslav Republic of Macedonia (39.7 million euros). addition, a Kosovo reconstruction programme unting to 127 million euros was committed under OBNOVA budget for 1999, of which some 80 per have been already contracted or paid. The 2000 et allocations for EU reconstruction assistance to ovo total 275 million euros. In February 2000, the pean Commission provided funds for UNMIK ic services (10 million euros) and for the purchase lectricity (20 million euros). In June 2000, the pean Commission contributed 35 million euros to ort capacity-building in the banking, agricultural health-care sectors of Kosovo. In addition, the pean Commission approved new funding for anitarian aid worth 61 million euros to cover the urgent needs, mainly food, shelter, water supply sanitation, health and education, throughout slavia, including Kosovo (18.1 million euros), a (31.9 million euros) and Montenegro (5.3 on euros).

86. Following EU's assistance to the region, the overall objective remains the fullest possible integration of South-Eastern Europe into the political and economic mainstream of the rest of Europe. To this end and since 1999, EU has been offering the Western Balkan countries stabilization and association agreements, which include trade liberalization and economic, financial and humanitarian assistance, as well as political dialogue and cooperation in justice and home affairs, along with a prospect of integration into EU structures and eventual EU membership. Bulgaria and Romania have already started EU membership negotiations, and will receive an estimated 6.2 billion euros in combined pre-EU accession assistance in 2000-2006. To date, EU has been the region's most important trading partner, with some 80 per cent of all exports from the Western Balkans entering the EU market duty-free. Further measures have been recently proposed by the European Commission to improve the EU market access for products from these countries, through extending and streamlining trade preferences, to promote foreign direct investment and economic stabilization in the region. Given the importance of strengthening regional cooperation, EU will continue its leading role in the Stability Pact for South-Eastern Europe, which provides a wider mechanism for taking forward regional solutions for long-term and sustainable development.

87. The **European Investment Bank (EIB)** has been actively engaged in international assistance efforts for the reconstruction and development of South-Eastern Europe. In the context of the Stability Pact, EIB was mandated to coordinate the sector review process, identify investment needs and assess regional projects in basic infrastructure, focusing on transport, energy, water and telecommunications sectors. The evaluation process involved submissions by the countries of the region of their project proposals and discussions with the international financial institutions regarding priority projects, including their technical, economic, financial and environmental feasibility. As a result, EIB prepared a regional project review on the basic infrastructure investments in South-Eastern Europe, which was presented to the Regional Funding Conference for South-Eastern Europe (Brussels, 29 and 30 March 2000).

88. A total of nearly 140 projects, with an investment cost of some 11 billion euros, has been divided into the following three groups: (a) 35 quick-start projects

(total cost 1.1 billion euros) for which implementation is likely to start, or a tender will be awarded, within 12 months (up to 31 March 2001); (b) 50 near-term projects (total cost 2.7 billion euros) which appear prima facie economically justified and do not present major sector or project issues, thus for which preparation (including tendering) should be accelerated; and (c) about 60 medium-term projects that require further investigation or analysis on specific issues which must first be solved. By sector, transport (roads, railways, ports and waterways, and airports) accounts for 91 per cent of quick-start projects and 62 per cent of near-term projects, followed by electric power projects accounting for 3 per cent and 25 per cent respectively. The countries particularly affected by the recent crises, namely Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia, account together for 35 per cent of all projects which should start by the near-term. In Yugoslavia, the information existing or provided on various infrastructure projects in Kosovo and Montenegro has only allowed inclusion of these projects on a tentative basis. As for Bulgaria and Romania, mainstream projects are essentially considered outside the Stability Pact structures, since EU's pre-accession process will be the dominant feature regarding many aspects of outside assistance.

89. An important feature of the priority selection process are the proposed activities on the regional scale. To respond to the requirement of consistent regional investment planning and to advance work on the medium-term package, seven regional studies have been included in the quick-start package of projects. In transport, regional studies will cover land transport and air traffic infrastructure, as well as the border-crossing facilities and management, under the transport and trade facilitation programme. For the energy sector, proposals include a Balkan electricity cooperation study, a regional strategic natural gas study and a regional oil pipeline network study. An environmental master plan for the Adriatic Sea is proposed by Croatia. Also proposed is a package of technical assistance for capacity-building, regulatory reform and training in telecommunications.

90. The overall programme on basic infrastructures coordinated by EIB is estimated at a total cost of nearly 4 billion euros over the next two years. In this context, EIB has taken the leading role in 14 projects, which together represent an estimated total cost of some 730 million euros, or 65 per cent of the entire quick-start package of basic infrastructure projects in South-Eastern Europe. In spite of some initial difficulties in closing the financing plan of certain major investment projects and in securing grant resources for some regional studies, the operational schedule of the quick-start package is well advanced and considerable progress has been made on several projects of the near-term package, enabling the acceleration of preparatory works. Apart from the availability of appropriate financing, particular attention will need to be paid to implementation issues, such as legal framework, institutional and public administration aspects, if the regional projects are to be successful.

91. The **European Bank for Reconstruction and Development (EBRD)** is working in close cooperation with the international community to promote economic development and regional integration of South-Eastern Europe under the auspices of the Stability Pact. EBRD has been given the mandate to coordinate the efforts in support of regional private sector initiatives. In January 2000, EBRD hosted a workshop on regional private sector initiatives, with the objectives of reviewing existing programmes, identifying key gaps or duplications, and agreeing on a specific list of high-priority initiatives that would merit support on a grant basis from the donor community. This has resulted in a strategic framework of programmes and projects, which are models of "best practice" in the region, and which have been agreed by the international financial institutions as priorities. These initiatives focus on the areas of promoting cross-border trade and investment and small and medium-size enterprise support.

92. In the area of infrastructure, the existing and planned projects of EBRD in the region represent a substantial part of the investments designated as quick-start projects. Three projects under EBRD lead in Albania, Croatia, and the former Yugoslav Republic of Macedonia (total cost 74 million euros) have been approved by the Bank's Board of Directors and are in the final stages of attracting firm commitments of cofinancing from investment partners. Several projects designated as near-term are proceeding more rapidly than initially anticipated. These include power sector reconstruction in Albania, the Skopje airport project in the former Yugoslav Republic of Macedonia, and municipal water supply projects in Croatia. EBRD is seeking grant funding for some of these projects to ensure implementation in early 2001.

93. EBRD places a strong emphasis on support for small and medium-size enterprises throughout its countries of operations, including South-Eastern Europe, through credit lines, equity investments in microenterprise banks, and other instruments. Recent initiatives in the framework of the Stability Pact include an EBRD/United States trust fund of $50 million, which includes approximately $20 million-$25 million of funding for microenterprise and small and medium-size enterprise support in the region. An expansion of the EU/EBRD small and medium-size enterprise support facility targeted at EU accession countries, including Bulgaria and Romania, above its current level of 50 million euros is under discussion with EU. Also, EBRD takes an active part in the Investment Compact and Business Advisory Council of the Stability Pact.

94. EBRD's trade facilitation programme is designed to reduce risk perceptions between domestic and foreign banks involved in trade finance transactions. Throughout South-Eastern Europe, EBRD has client relationships with a total of 33 banks. Since 1999, eight issuing banks in four countries of the region have been accepted into the programme with total agreed limits exceeding 23 million euros. By the end of 2000, there will be 18 to 20 banks and total limits of 40 million euros. Over 70 confirming banks (mostly Western European banks) have joined the programme. In December 1999, EBRD signed an agreement with the Government of Switzerland to provide grant funds amounting to 5 million Swiss francs. This grant is maintained in a guarantee fund to support the trade guarantee facility portfolio in Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia. New grant funding for the trade facilitation programme, currently under discussion, would allow the programme to be extended in two respects: (a) the total exposure to a single bank could be increased or additional banks could be included; and (b) the range and scope of the guarantee cover could be extended to include longer-term exposures.

95. Based on the strong pipeline of new projects, EBRD expects to meet its target of between 850 million euros and 1 billion euros of signed commitments in South-Eastern Europe over the next two years. Given the normal ratio of EBRD finance to total project cost, this would contribute to about 2.4 billion euros of new loans and investments over the same period, significantly supporting economic activity and regional integration. EBRD looks forward to continued close coordination with local authorities and the donor community to ensure that high priority projects are supported with the necessary financing.

96. The **Organisation for Economic Cooperation and Development (OECD)** has been actively involved in the workings of the Stability Pact for South-Eastern Europe, in particular the design and implementation of the investment compact and anti-corruption initiative. At the same time, OECD has strengthened its existing programmes with the countries of the region, and launched additional country-specific and regional initiatives to support the market-oriented reforms in such areas as economic governance, agriculture, labour market and social policies, education, statistics and the environment.

97. The South-Eastern Europe compact for reform, investment, integrity and growth was approved at a meeting of the Stability Pact's Working Table II held in Skopje, the former Yugoslav Republic of Macedonia on 10 and 11 February 2000. The objective of the compact is to lay the economic and structural policy foundations for sustainable growth and development in South-Eastern Europe. It sets out commitments for policy reform which countries in the region need to implement in order to create a robust and sustainable market economy and encourage increased local and foreign direct investment. The investment compact covers a comprehensive policy package including: banking, capital markets, corporate governance, privatization, investment climate, commercial law, bribery and corruption, money laundering, justice system, accounting practices, customs regimes, small and medium-size enterprise support, public procurement, investment guarantee schemes, and public-private partnerships. OECD and the United Kingdom of Great Britain and Northern Ireland were tasked to lead jointly the project team charged with the implementation of the investment compact. To this end, a roadmap was developed, setting out a three-phase approach: (a) diagnosis of current investment conditions in the countries of the region; (b) development of country specific policy recommendations and the design of regional policy initiatives; and (c) monitoring progress in policy implementation, improvement of the investment conditions and actual investment performance in South-Eastern Europe.

98. In follow-up, OECD launched the first phase on diagnosis of current investment conditions in the

region and provided information on cross-regional policy areas and on country-specific reform action in policy and country fact sheets. In March 2000, OECD carried out missions to most of the countries of the region to assist in the establishment of country economic teams, responsible for the implementation of the countries' commitments under the investment compact. The first meeting of the compact's project teams, including country economic team leaders, the private sector, international organizations and OECD countries, was hosted by Slovenia on 19 April 2000. The meeting resulted in a common understanding on several issues related to the implementation of the compact. Alongside the discussion on country-specific policy reform and development, OECD has proposed a series of regional flagship initiatives in such areas as investment promotion, statistics, small and medium-size enterprise support and taxation agreements, in close cooperation with other international organizations. Some of the proposed activities have been approved and their launch is imminent, while others are still to be coordinated with potential partners and funding needs to be secured before they can be initiated. The compact's project team will continue to review the action plans and future country and regional work with country economic teams and other partners. In particular, OECD will seek close cooperation with the Business Advisory Council of the Stability Pact.

99. The anti-corruption initiative was adopted by the members of the Stability Pact at the meeting of Working Table III held at Sarajevo on 15 and 16 February 2000. The objective is to help countries of the region to build up institutional mechanisms, legislation and practices to fight against corruption. The initiative is based on two texts, the compact and an action plan. The compact lays out some broad principles and provides an action plan on immediate measures that countries in the region have agreed to take to eradicate corruption. The initiative intends to address the following sectors: ratification and implementation of international instruments, promotion of good governance and reliable public administrations, strengthening of legislation and promotion of the rule of law, promotion of transparency and integrity in business operations, and promotion of an active civil society. OECD is mandated, jointly with the Council of Europe, to act as the secretariat of the initiative, and is responsible for the two key pillars: fighting bribery in business transactions and promoting good public governance.

100. The anti-corruption initiative is based upon a strong monitoring mechanism which envisages a three-stage process of diagnosis, country-specific policy recommendations and peer-review. In March 2000, OECD, jointly with the Council of Europe and the Office of the Special Coordinator of the Stability Pact, carried out missions to the region to meet with the national anti-corruption teams set up by the Governments of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania and the former Yugoslav Republic of Macedonia to implement the Initiative, as well as with representatives of the civil society and donor organizations. OECD and its partners completed the first phase on diagnosis of current anti-corruption conditions in the region and prepared country-assessment reports. The next steps will focus on designing country-specific recommendations for the improvement of the situation in the region and monitoring the implementation of policies that are crucial for achieving results in terms of actually decreasing corruption in South-Eastern Europe.

III. Participation by the affected States in the efforts for reconstruction, recovery and development of the Balkan region

101. The General Assembly, in its resolution 54/96 G, invited the relevant international organizations to take appropriate steps, consistent with the principle of efficient and effective procurement and with resolution 54/14 of 29 October 1999 on procurement reform, in order to broaden access for interested local and regional vendors and to facilitate their participation in the efforts for reconstruction, recovery and development of the region. Information received from the relevant components of the United Nations system, as well as from the Department of Peacekeeping Operations and the Office for the Coordination of Humanitarian Affairs of the United Nations Secretariat, is outlined below.

A. Involvement in rendering humanitarian assistance

102. The 2000 United Nations Consolidated Inter-Agency Appeal for the South-Eastern Europe Humanitarian Operations was launched in November

1999, providing an overall regional framework for a wide range of agency programmes tailored to specific needs in each of the five component countries: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia and Yugoslavia, in particular the province of Kosovo. In total, $660 million was requested for the programme activities of 16 appealing agencies in 2000. The mid-term review, held in July 2000, reaffirmed the objective of prioritizing protection and assistance with a renewed emphasis on the promotion of human rights, as well as durable solutions for uprooted populations. It also retained the regional approach, for the causes, extenuating factors, and consequences of the complex emergencies in the region over the past decade had been inter-linked. Economic and political differences across the region were recognized, especially where they presented particular obstacles to the reduction of emergency assistance in favour of durable long-term solutions. As at 4 October 2000, 47.6 per cent of the revised funding requirements had been met, leaving a shortfall of some $330 million. Levels of donor support varied for programmes in Albania (15.9 per cent), Bosnia and Herzegovina (20.6 per cent), Croatia (44.8 per cent), the former Yugoslav Republic of Macedonia (31.5 per cent), Yugoslavia, excluding Kosovo (20.1 per cent), and Kosovo (37.5 per cent). Even given the many constraints, including funding shortfalls raising concerns about donor fatigue, the recent improvements in the region provide an opportunity for achieving the humanitarian objectives, particularly those related to the repatriation of long-standing refugee and displaced populations. It is, therefore, essential that the donor community continue and reinforce support, with an increasing emphasis on involving local and regional suppliers wherever possible, to take advantage of the present environment and establish the foundations for durable solutions, stability, and development throughout the region.

103. The **Office of the United Nations High Commissioner for Refugees (UNHCR)** has continued to promote both local and regional procurement of supplies and services for its programmes in the territory of the former Yugoslavia. All potential and qualified suppliers in the countries of the region were invited to submit quotations, in compliance with competitive bidding procedures, for this purpose. In 1999, contracts were awarded to suppliers from the following countries: Bosnia and Herzegovina ($531,309), Croatia ($1,480,213), Hungary ($183,125), Slovenia ($282,343), the former Yugoslav Republic of Macedonia ($12 million — includes contracts from implementing partners) and Yugoslavia ($969,077). Under those contracts, the main items purchased by UNHCR were shelter materials, stoves, blankets, beds, heating and diesel fuel, coal, hygienic supplies, office furniture and equipment, printing services, rental of warehouses and transport services.

104. In September 1999, UNHCR assisted the Government of the former Yugoslav Republic of Macedonia to organize in Ohrid a special conference on procurement of the country's goods and services for international organizations involved in Kosovo and the neighbouring region. The objective of the conference was twofold: (a) to advise international organizations of the local market possibilities; and (b) to inform local businesses about United Nations procedures on local procurement. The conference was attended by over 150 business representatives from the country and a score of international organizations operating in the region. As a follow-up, UNHCR carried out, in coordination with the regional chamber of commerce, a similar workshop in the city of Bitola in March 2000, and plans to hold a series of such workshops in other regions of the country towards the end of 2000.

105. The **World Food Programme (WFP)** has been carrying out a regional emergency operation in the Balkans, providing food aid, as at 1 January 2000, to a total of 1.6 million beneficiaries in Albania, the former Yugoslav Republic of Macedonia and Yugoslavia: Kosovo (600,000), Montenegro (95,000) and Serbia (710,000). During the first half of the year, the beneficiary caseload gradually scaled down to 1 million at 1 July 2000, and is expected to further reduce towards the year-end. WFP assistance has been targeted to the most vulnerable groups of the population, including refugees, displaced persons and the food insecure poorest members of society. For the first semester of 2000, the total value of WFP assistance in the region was estimated at around $60 million.

106. In addition, WFP cash and managerial inputs in the region have contributed to supporting the process of economic reconstruction and capacity-building in the Balkans. WFP employs locally recruited national staff in its country offices and sub-offices in Albania, the former Yugoslav Republic of Macedonia and Yugoslavia (Kosovo, Montenegro and Serbia), at a total cost of $1.5 million for the first half of 2000. WFP also engages regional and local actors as its implementing

partners and suppliers. Within regional and local procurement during the first half of 2000, WFP purchased 32,529 tons of food commodities from Hungary, the former Yugoslav Republic of Macedonia and Yugoslavia, at a total cost of around $6 million. Local transporters have been contracted to haul WFP food commodities from the port of Thessaloniki in Greece and the port of Bar in Montenegro to various locations within the region, mainly to the storage points in Kosovo, Montenegro and Serbia, and for the overland transportation of goods within Albania. These services, including warehouse rental, have contributed close to $4 million to the local economies in the Balkan region.

B. Supply for the United Nations peacekeeping operations

107. The United Nations continues to maintain three peacekeeping operations in the Balkan region which play an important role in the international community's efforts to assist in the search for peace and stability in the region. The United Nations Mission in Bosnia and Herzegovina (UNMIBH) concentrates, in the overall framework of the implementation of the Dayton Peace Agreement, on the monitoring and restructuring of the police forces in this country as well as on strengthening the rule of law in general. UNMIK, one of the most complex operations that the United Nations has ever undertaken, provides a wide range of civilian services in this province, including in the fields of law enforcement, civil administration and public services. The United Nations Mission of Observers in Prevlaka (UNMOP) continues to monitor the demilitarization of this strategically important peninsula between Croatia and Yugoslavia.

108. In the context described above, the United Nations peacekeeping missions in the former Yugoslavia have continued to issue tenders for their requirements to prospective vendors in all European countries, including those affected by the developments in the Balkans. During the period from January 1998 to December 1999, such local procurement was made, inter alia, from Albania ($90,000), Austria ($801,112), Bosnia and Herzegovina ($11,042,616), Croatia ($3,766,296), Germany ($2,435,353), Greece ($294,061), Hungary ($4,000), Italy ($21,177,565), Slovenia ($335,688), the former Yugoslav Republic of Macedonia ($3,551,799) and Turkey ($1,133,638). Apart from benefits for the local economies, procurements in the mission areas, wherever possible, may offer potentially shorter delivery times and reduced freight costs, provided the required goods and services are available locally and their costs are competitive.

109. Two other sources of access for suppliers from the affected countries to the United Nations peacekeeping operations in the former Yugoslavia are commercial procurement at United Nations Headquarters and government procurement through letters of assist. From January 1998 to December 1999, commercial Headquarters procurement was made, inter alia, from Bulgaria ($4,296,400), Germany ($737,235), Italy ($8,514,928), Romania ($2,801,550) and Ukraine ($4,514,043). Under letters of assist issued to Governments during the same period, requisitions were distributed, inter alia, to Austria ($5,043), the Czech Republic ($6,000), Germany ($318,633), Italy ($1,139,760), Romania ($483,920), Slovakia ($11,250) and Ukraine ($1,067,000). Further possible supplies from the affected countries to the United Nations missions in the region can be foreseen.

C. Partnership for reconstruction and development

110. In April 1999, the European Commission and the World Bank were tasked by the international community to lead the coordination effort of all bilateral and multilateral aid for the reconstruction and development in the Balkans. Under this mandate, the two institutions have been responsible for coordination of matters related to the economic recovery, reform and reconstruction of the South-Eastern Europe region, including mobilizing donor support, providing economic analysis, developing appropriate conditions and implementing projects. To help carry out this mandate, a joint European Commission/World Bank Office for South-Eastern Europe was opened in Brussels, which maintains a web site (www.seerecon.org) providing information on the reconstruction process in the region. In addition, a high-level steering group of the donor community was created to oversee the economic recovery and reconstruction mandate in Kosovo and South-Eastern Europe.

111. In the aftermath of the Kosovo crisis, the World Bank, together with the European Commission and in

partnership with other agencies, took the lead in preparing an initial reconstruction and recovery programme for Kosovo, with external financing requirements of about $2.3 billion for a period of four to five years. Two donor conferences were co-chaired by the Bank and the European Commission in July and November 1999 to mobilize resources in support of budgetary assistance, reconstruction and recovery programme and peace implementation in Kosovo, which resulted in total pledges of more than $3 billion for 1999-2000. According to the latest progress report, donors have made encouraging progress over the period January-June 2000 in carrying out the reconstruction and recovery programme and providing additional funds for budgetary support to Kosovo. Specifically, against the original target of $1.1 billion for the commitment of funds by the end of 2000, donors reported firm commitments of $1 billion already by the end of June 2000. As at 30 June 2000, pledges made for the 1999 and 2000 budgets totalled $109 million, while commitments reached $137 million and actual spending $117 million. In November 1999, reconstruction and recovery needs alone were assessed at $998 million until the end of 2000; the firm commitments for this purpose reached $872 million by the middle of this year, of which $366 million were actually spent. Substantial amounts have been contributed to utilities and housing, but allocations to agriculture appear to be relatively low. UNMIK is preparing a public investment programme for 2001 which will update the financing requirements for the Kosovo reconstruction and recovery programme.

112. A regional funding conference for South-Eastern Europe was organized by the European Commission and the World Bank, in close association with the Special Coordinator of the Stability Pact, in Brussels on 29 and 30 March 2000. At the conference, participating countries of the region presented a set of measures that they intend to put in place to achieve the Stability Pact's objectives. In response, the donor community pledged or committed more than 2.4 billion euros, thereby exceeding the 1.8 billion euros target for a comprehensive quick-start package of regional projects and initiatives over the next 12 months, as well as providing financing to accelerate the preparation and implementation of near-term regional projects over the next two to three years, both developed within the framework of the Stability Pact, and additional to country-specific donor programmes. Overall, these projects and initiatives are aimed at improving infrastructure, promoting private sector development, supporting policy and institutional reforms, and encouraging democratization, reconciliation and security in the region.

113. Six months after the regional donor conference, all except one of the 34 (originally 35) quick-start projects and studies in the infrastructure sector have fully identified sources of funding for the total amount of 1.2 billion euros. The remaining financing gap is estimated at some 29 million euros. To date, work has actually started on six projects, while bidding for contracts is under way or completed on one third of the projects. Current forecast indicates that bidding will have started on all but four of the quick-start projects before the critical cut-off date of 1 April 2001. One of the four projects (Bosnia and Herzegovina Power 3 Project) is fully financed and ready to move forward, but has had to be held back until steps are taken by the Bosnian authorities to reorganize the country's power sector. The other three projects (two in Croatia and one in Bulgaria) await the completion of some technical studies before a firm schedule can be established. Completing the financing plan was a critical step for the package as a whole. The challenge now is project implementation, for which major efforts by the beneficiary countries and the lead agencies will be required during the coming months.

IV. Conclusions

114. Economic assistance to the Eastern European States affected by the developments in the Balkans has been carried out against the background of numerous political and economic complexities inherent in the evolving situation in the region. Apart from the adverse effects of military conflicts, economic sanctions and other disruptions during the transition period following the disintegration of the former Socialist Federal Republic of Yugoslavia, the Kosovo crisis produced a devastating impact on the fragile economies of South-Eastern Europe and beyond. As a result, several most seriously affected countries of the region and the international community have been confronted with new and greater challenges of coping with the humanitarian emergency and the post-conflict reconstruction, rehabilitation and stabilization in the Balkans. With a broad-based international support, the affected countries have embarked on a difficult path towards economic and social reform and recovery,

including special efforts to fully overcome the consequences of the Kosovo crisis. Most recently, the democratic changes in Yugoslavia have paved the way for the cessation of the country's international isolation and the resumption of regional cooperation, especially with regard to traditional transport and economic links throughout the Balkans and the rest of Europe. However, ensuring a lasting stability and sustainable development of South-Eastern Europe is a long-term and difficult process, which will require continued and concerted efforts of the countries of the region and the international development actors.

115. Because of the limited number of replies received by the Secretary-General from both the affected States and the donor countries, it is not possible to make a conclusive assessment based only on these responses. However, recent assessments by international bodies active in the region indicate that the affected countries of South-Eastern Europe continue to face adjustment problems stemming from a range of internal and external factors including, inter alia, the long-term consequences of major systemic transformations, violent conflicts and economic sanctions. It is essential that all these problems be effectively addressed in the context of the ongoing reconstruction and rehabilitation effort, as well as through enhancing regional cooperation for stabilization, economic recovery and development in the Balkans. At the regional level, particular attention has to be paid to such fields as infrastructure reconstruction, including the resumption of navigation on the Danube, private sector development, trade integration, investment promotion and institutional capacity-building. To date, the reconstruction and stabilization process as well as regional cooperation programmes have already yielded positive results in the most seriously affected countries, and should ultimately benefit all the countries of the region.

116. The relevant components of the United Nations system, including the international financial institutions, continue to implement, within their respective mandates, existing facilities and available resources, substantial programmes of financial and technical assistance in the affected countries. In response to the renewed appeals for special economic assistance, these programmes have been enhanced, as appropriate, in order to take into account, to the extent possible, the special needs and situations of the affected States, with a view to providing support to their efforts for economic recovery, structural adjustment and development. Within the framework of the reconstruction and recovery programme for Kosovo, a series of emergency measures and activities have been carried out to address the regional consequences of the Kosovo crisis as a result of economic and social constraints caused by large numbers of refugees and displaced persons, as well as disruptions in trade, transport and foreign investment in the neighbouring and other affected countries. As most urgent requirements resulting from the Kosovo crisis have been met, the focus has shifted to addressing a variety of longer-term economic and social problems of the affected States of the region, both in support of the reconstruction and recovery efforts and on account of structural adjustment, economic transition and sustainable development.

117. Specific concerns of the affected countries in the areas of transport and infrastructure development as well as trade facilitation and investment promotion have been pursued through special regional initiatives and assistance arrangements under the auspices of EU and in cooperation with other regional organizations. The EU, PHARE, OBNOVA and TACIS programmes have been crucial in financing a series of border-crossing infrastructure and customs facilitation projects in the affected countries, as well as integrating them into a longer-term regional perspective of transport and infrastructure development, particularly for the functioning of the priority transport and customs corridors in the region. Substantial additional resources have been made available to the Western Balkans to facilitate the transition from the stage of responding to the emergency needs and short-term funding requirements of the crisis-affected countries to a new stage of supporting a comprehensive and long-term approach to the stabilization and consolidation of South-Eastern Europe, with a view to further integrating these countries into the European and global structures. Under the regional reconstruction and development programme, the international financial and development institutions have been accorded lead roles in key sectors, such as infrastructure development (EIB), promotion of the private sector, including small and medium-size enterprises (EBRD), investment compact and anti-corruption initiative (OECD) and overall economic framework (World Bank). Within the evolving regional priorities, continued donor support, participation of regional development and investment banks and

private-sector involvement would be essential for developing cross-border cooperation, upgrading infrastructure and promoting trade and investment in the Balkans as an integral part of Europe.

118. The neighbouring and other affected countries should be encouraged to participate more actively in international cooperation and support for reconstruction, recovery and development efforts in the region. The local and regional procurement policies pursued by many United Nations organizations, programmes and agencies that have recently increased their presence and enhanced their activities in the Balkan region open new possibilities for the suppliers from the neighbouring and other affected countries. In addition, effective mobilization and coordination of assistance and co-financing of projects under the auspices of multilateral agencies both inside and outside the United Nations system should facilitate appropriate regional allocation of resources and increase transparency in procurement of products and services, including procurement from local and regional vendors. Moreover, the implementation process of the Stability Pact for South-Eastern Europe, especially the activities of its Working Table on Economic Reconstruction, Cooperation and Development, provides an essential mechanism for promoting structural reforms, sustainable development, intraregional economic cooperation and integration of South-Eastern Europe into the European mainstream as an important contribution to peace, stability and prosperity in the Balkan region and beyond.

Notes

[1] Apart from the Federal Republic of Yugoslavia (Kosovo, Montenegro and Serbia), six States — Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania and the former Yugoslav Republic of Macedonia — have been identified as most seriously affected countries in the region. In addition, several other Danube-riparian States of Eastern Europe, namely Hungary, Slovakia, the Republic of Moldova and Ukraine, also reported, on various occasions, their special economic problems stemming from the developments in the Balkans.

[2] The present report supersedes a series of five previous reports of the Secretary-General on economic assistance to States affected by the implementation of the Security Council resolutions imposing sanctions on the Federal Republic of Yugoslavia (A/49/356, A/50/423, A/51/356, A/52/535 and A/54/534).

[3] See *Economic Survey of Europe, 1999, No. 2* (United Nations publication, Sales No. E.99.II.E.3), pp. 17-20.

[4] See *Official Records of the Security Council, Fiftieth Year, Supplement for October, November and December 1995*, document S/1995/999.

[5] United Nations publication, Sales No. E.00.II.E.12.